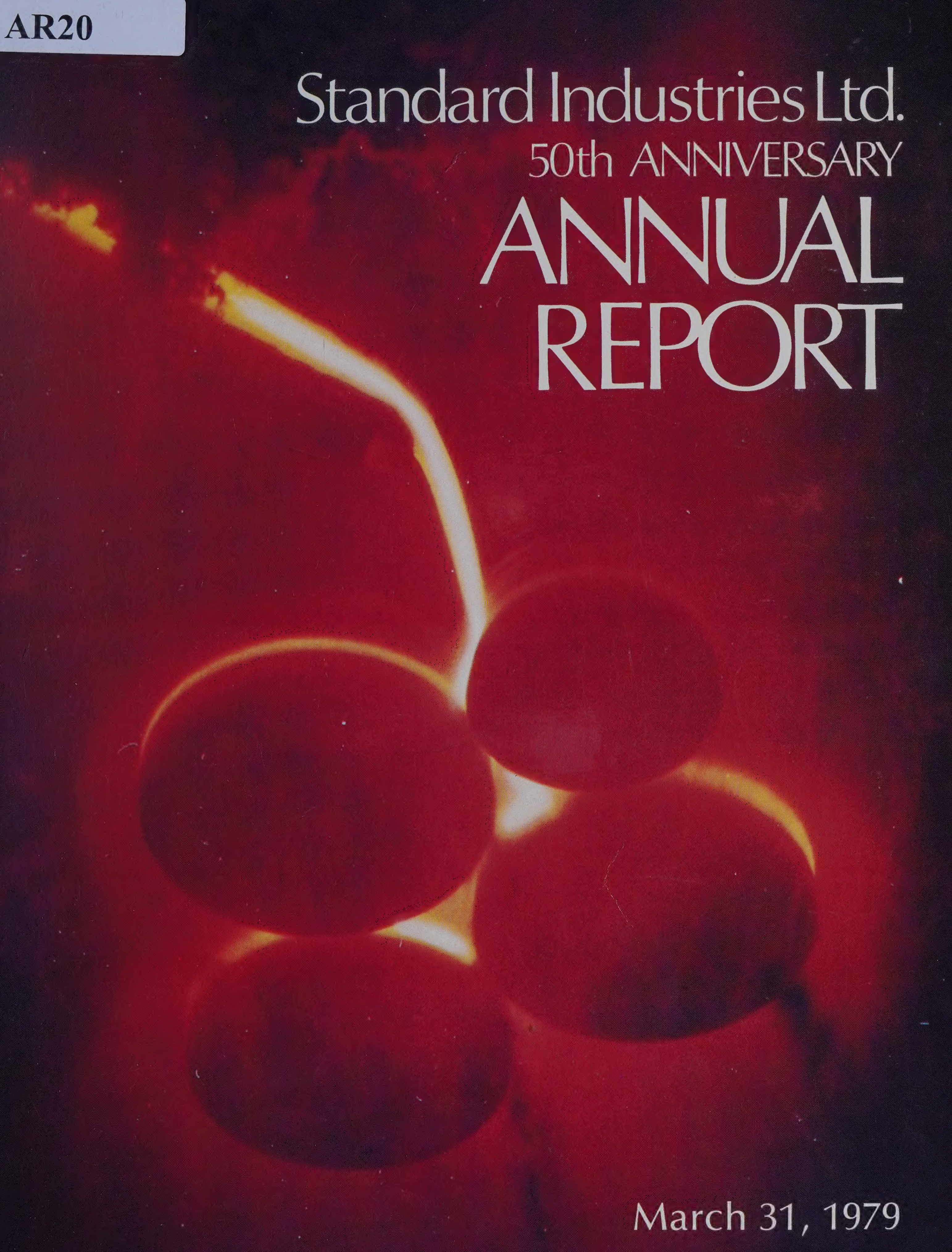
Standard Industries Ltd.

50th ANNIVERSARY

ANNUAL REPORT



March 31, 1979

Standard Industries Ltd.

1224 LAWRENCE AVENUE WEST, TORONTO, ONTARIO M6A 1E4 TELEPHONE (416) 781-5211

CONTENTS

OUR BUSINESS

Standard Industries Ltd. produces the basic materials for roads and structures — sand, gravel, crushed stone, slag cement, asphalt mixes and ready-mix concrete — and itself paves streets and builds roads.

The company fabricates a variety of concrete products — pipe, block, steel-lined pressure pipe, manholes and specialty products — and caters to the do-it-yourself market for bagged dry-mix materials.

In 1979 it will be making attachments and accessories for powered lift trucks through its new U.S. subsidiary, Little Giant Products, Inc., and will be producing "Roxul" insulation materials.

The company is publicly owned by 958 shareholders, including Canada Cement Lafarge Ltd. and Banister Continental Ltd. (holding approximately 49% and 24% respectively). The shares are listed on the Toronto Stock Exchange and traded under the symbol SIS. Dividends have been paid in every fiscal year since 1948.

ANNUAL MEETING

The Annual General Meeting of the Shareholders will be held in the Alberta Room of the Royal York Hotel, Toronto, at 10:30 a.m. on Thursday, June 14, 1979. All shareholders are cordially invited to attend.

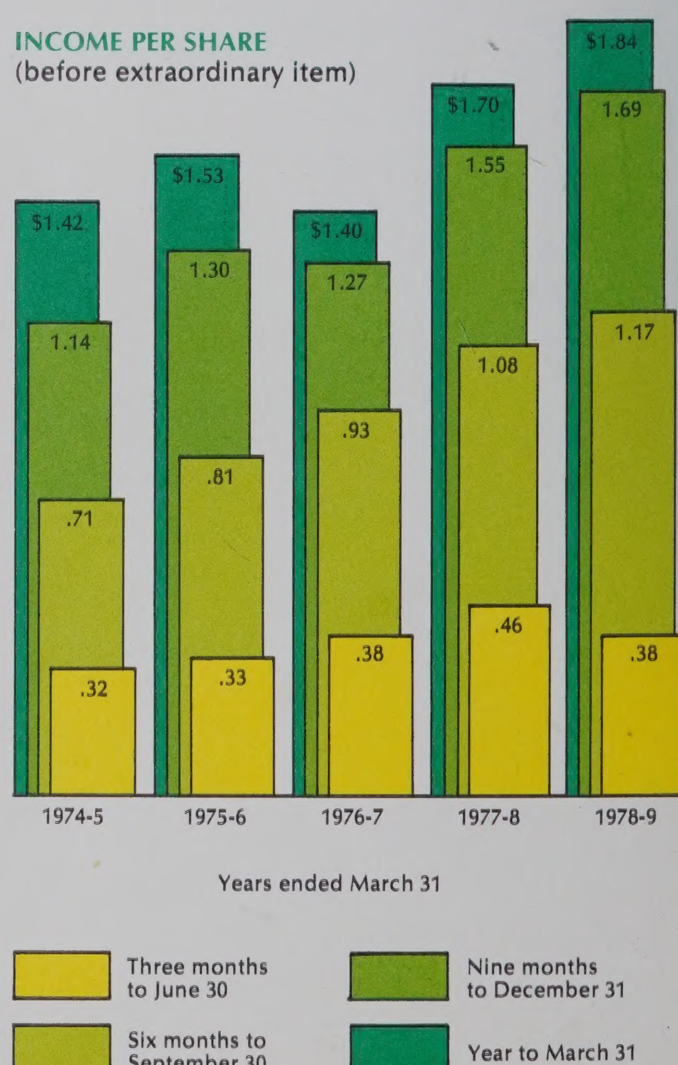
VALUATION DAY VALUE

For the purpose of calculating income tax on capital gains, the value of the company's shares as established December 22nd, 1971 is $3.83^{1}/_{3}$ per share.

COVER PICTURE

Spinning molten slag into filaments — the first stage in producing "Roxul" insulation materials.

INCOME PER SHARE
(before extraordinary item)



In Brief

	March 31 1979	March 31 1978
EARNINGS AND DIVIDENDS		
Income (before extraordinary item)	**$ 5,782,000**	$ 5,342,000
Per share	**$1.84**	$1.70
Gain on disposal of properties	—	641,000
Per share	—	$0.20
Net income	**5,782,000**	5,983,000
Per share	**$1.84**	$1.90
Dividends to shareholders	**2,322,000**	2,125,000
Per share	**73.75¢**	67.5¢
OTHER FINANCIAL		
Sales	**100,388,000**	93,982,000
Capital investment during the year	**17,534,000**	9,554,000
Working capital at year end	**8,751,000**	8,051,000
Shareholders' equity per share	**$12.98**	$11.88
STATISTICAL		
Number of employees —		
Mid-year	**1,604**	1,613
Year end	**1,116**	1,000
Number of shareholders, year end	**958**	996

HIGHLIGHTS

Income (before extraordinary item) increased by 8.2% on sales which increased 6.8% in dollar volume.

The quarterly dividend payment was raised to 18.75¢ per share November 3, 1978, from 17.5¢.

Record capital investments of $17,534,000 include the "Roxul" insulation plant at Milton, Ontario and the new Little Giant Products, Inc., subsidiary in Peoria, Illinois, manufacturing attachments for fork lift trucks.

Directors and Management

DIRECTORS

R. M. COOPER
Contract Engineer —
Pitts Engineering Construction Limited

HUGH F. GRIGHTMIRE
Chairman and Chief Executive Officer
of the Company

J. B. HANLY
Consultant — former Vice-President of
Canada Cement Lafarge Ltd.

J. D. JARRELL
Senior Vice-President and Director of
Pitts Engineering Construction Limited
(since 1978 a wholly-owned subsidiary
of Banister Continental Ltd.)

P. JONGENEEL
Executive Vice-President, Finance and
Treasurer of Canada Cement Lafarge Ltd.

D. G. LAWSON
President of Moss Lawson & Co. Limited

T. H. STEVENSON
Corporate Director

T. A. WILCOX
President of the Company

J D Redfend pres CC Lafarge

CORPORATE MANAGEMENT

HUGH F. GRIGHTMIRE
Chairman and Chief Executive Officer

T. A. WILCOX
President

T. D. JONES
Vice-President & Secretary-Treasurer

G. H. HAWKETT
Comptroller

P. B. MOLLARD
Chief Engineer

J. WRAY
Safety and Labour Relations Manager

E. J. HADDEN
Assistant Secretary-Treasurer

REGISTRAR AND TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY
20 Eglinton Avenue West, Toronto, Ontario

AUDITORS

THORNE, RIDDELL & CO.
Chartered Accountants
Commercial Union Tower
Box 262
Toronto-Dominion Centre
Toronto, Ontario

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
BANK OF NOVA SCOTIA

MANAGEMENT OF DIVISIONS AND SUBSIDIARIES

A. H. BAXTER — Vice-President
Red-D-Mix Concrete Company, Standard Paving Company,
E. V. Breckon Limited

E. F. FORD — Vice-President
McCord & Company, York Block and Building Supply,
Marker Building Materials

M. E. McRAE — Vice-President
Concrete Pipe Company, Oaks Precast Industries, Oaks
Transport Limited, Standard Pressure Pipe Company

C. C. MOYER — Vice-President
Consolidated Sand & Gravel Company, J. F. Marshall & Sons,
Jiffy Dry-Mix Concrete Products Ltd., Point Anne Quarry
Company, Brechin Crushed Stone Company, Haldimand
Quarries and Construction Limited

G. V. PHILLIPS — Vice-President
Roxul Company, Standard Slag Cement Company

P. W. REARDON
President of Sullivan Highway Products, Inc.

R. F. TITUS — Vice-President
President of Standard Paving Maritime Limited

R. M. VERSTRAETE
President of Little Giant Products, Inc.

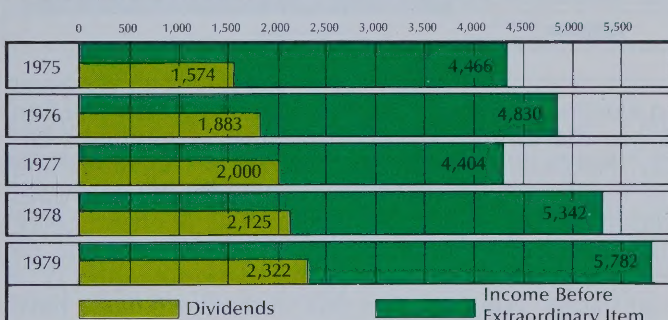
Report to Our Shareholders

T. A. Wilcox, President
Hugh F. Grightmire,
Chairman and Chief Executive Officer

EARNINGS, SALES AND DIVIDENDS

Your company's earnings increased by 8.2% to \$5,782,000 (\$1.84 per share) from \$5,342,000 (\$1.70 per share) before extraordinary items for the previous year. Sales of \$100,388,000 were 6.8% higher than the previous year's level of \$93,982,000.

Income and Dividends (Thousands of Dollars)



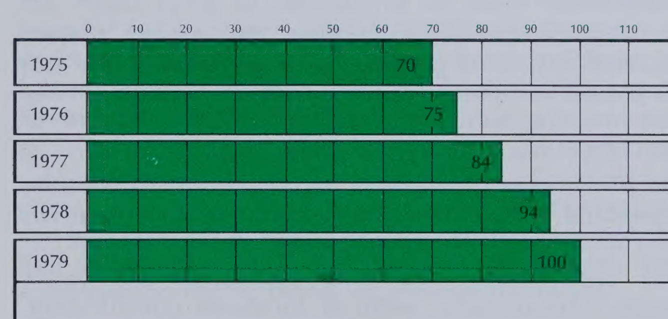
Dividends of 73.75¢ per share for the year on both "A" and "B" shares were 9.3% higher than 67.5¢ per share in the previous year. Dividends declared and paid were:

Date Declared	Record Date	Date Paid	Amount per share
May 9/78	July 20/78	August 4/78	17.50¢
Sept. 27/78	Oct. 20/78	Nov. 3/78	18.75¢
Nov. 30/78	Jan. 19/79	Feb. 5/79	18.75¢
March 15/79	April 20/79	May 4/79	18.75¢
			73.75¢

Holders of Class "A" shares receive taxable cash dividends. Holders of Class "B" shares received tax-deferred cash dividends in 1978; in 1979 they received stock dividends in \$10.00 par value redeemable preference shares, with fractions in cash.

Restraints on dividends imposed by the Anti-Inflation Act ended in October 1978.

Sales (Millions of Dollars)

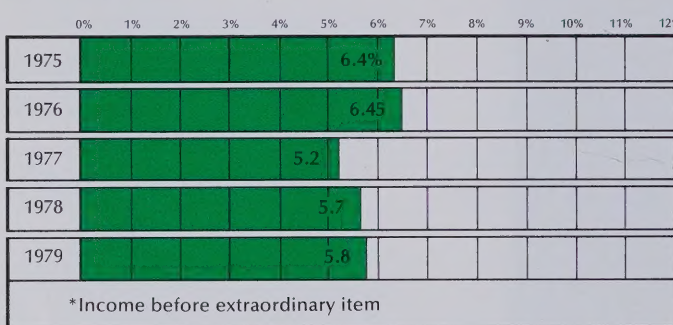


REVIEW OF OPERATIONS

The year under review has been one of declining quantities sold for most of our products, combined with rising costs. Added to this was the impact of Anti-Inflation pricing restraints which continued in force for 9 months of the year, and the continuing decline in the volume of construction work done in

the January to March period. In spite of these negative factors we were able to maintain or improve most of our margins. Better results from our construction operations and our associated companies added to the positive side, so that return on sales improved marginally to 5.8% from 5.7% in the previous year, and return on equity declined only fractionally to 14.2% from 14.3%.

Return on Sales (Income* as percent of Sales)



Aggregates sales dollars increased by about 10% with improved margins, but the demand for ready-mix concrete was weak with prices severely depressed in our major markets. Asphalt sales and margins both improved satisfactorily. The market for concrete block was maintained with the sales and earnings levels of the previous year.

The concrete pipe and precast products divisions maintained profit margins at a satisfactory level although with some loss of volume. The second year of operation of the concrete pressure pipe plant continued to give very good results, although affected to some extent by a shortage of work during the winter months.

The slag cement plant supplies 20% of our cement requirements and provides a good market for our associated company, National Slag Ltd. Results for the year however were impaired by the lower volume of concrete sold.

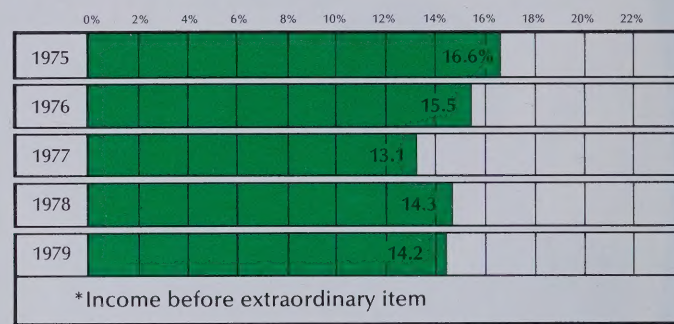
The Jiffy line of products is improving its share of the expanding market for home-improvement materials with several new lines being added in the past year.

Our construction operations bettered last year's results considerably, with all locations contributing. These operations account for about 20% of gross revenue and earnings.

The associated companies have had an excellent year, substantially increasing their contribution to your company's earnings.

Sullivan Highway Products, Inc. has completed its first full year as part of the Standard group and has yielded a satisfying return on our equity investment in that operation, with room for better results in the future.

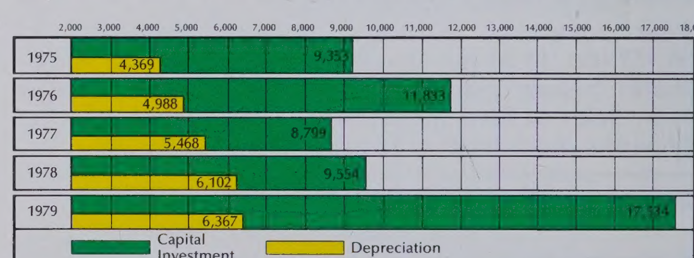
Return on Shareholders' Equity (Income* as percent of shareholders' equity)



CAPITAL INVESTMENTS

Three major projects account for $11 million of the total $17.5 million capital investment programme for the year — completion of reserve capacity at the slag cement plant which came on stream in the fall, construction of the plant at Milton for the manufacture of "Roxul" insulation products, and the purchase of Little Giant Products, Inc.

Capital Investment and Depreciation (Thousands of Dollars)



An existing building in Milton, suitable for conversion to manufacturing "Roxul" products, was bought last July. Necessary modification started immediately and the required equipment was ordered with deliveries starting in December. Installation has been proceeding through the winter months, and we expect to be ready to produce and sell by the time this report is in your hands. We think that this venture will likely have only a neutral effect on 1979/80 results, but we have great hopes for its future in a year or two, in view of the accelerating energy crisis and the urgent need for conserving fuel by the use of adequate insulation in all types of buildings.

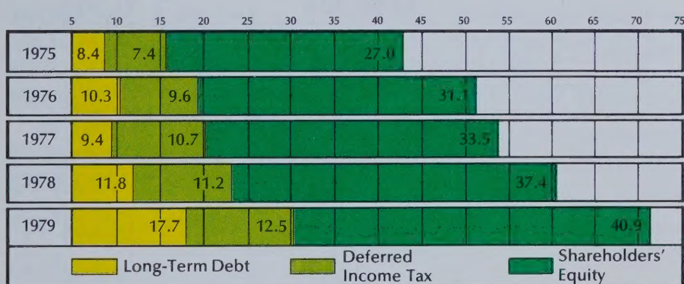
The purchase of Little Giant Products, Inc. was closed on February 1, 1979. Little Giant manufactures specialized attachments and accessories for powered lift trucks. Its main plant is in Peoria, Illinois, and it has a subsidiary in California serving the south and west United States, and another near Brussels, Belgium, serving the European market. We think that

this is an investment with considerable potential for development and we expect it will be making a valuable contribution to future earnings.

Other growth projects during the year accounted for $2.5 million of capital investment. These included land for extension of quarries at Hagersville, Ont., and Fosterdale, N.Y., gravel properties in Nova Scotia, and a site for future use in Hamilton. The "Jiffy" dry-mix operation has been further enlarged and automated. A new high-capacity asphalt plant replaced the former obsolete equipment at Liberty, N.Y. An asphalt plant is being installed at Brantford. The fittings shop at Stouffville was completed, a portable crusher purchased for our Maritime operations, and pipe and manhole forms purchased to extend our size range.

The remaining $4 million of the investment programme was expended for renewals of and additions to plant and equipment, including our fleet of trucks, loaders, forklifts, and construction equipment so as to maintain the efficiency of our operations.

Composition of Invested Capital (Millions of Dollars)



EMPLOYEE RELATIONS

Employment levels in mid-year peaked at 1,604 employees compared with 1,594 the previous year, reflecting the addition of Sullivan but also the lower level of activity at various other locations. At year end there were 1,116 employees compared with 1,000, principally resulting from the inclusion of Little Giant employees for the first time.

The end of anti-inflation controls on payrolls encouraged a new look at our salaried employees' pension plan, last upgraded in 1974. As a result, pension benefits for service to the end of 1978 will be related to the rate of earnings in the five years 1974 through 1978. This has increased total unfunded past service liabilities to $853,000, but enables future pension costs to be kept at a predictable and controllable level.

Substantially all of our hourly-paid employees are members of labour unions having collective agreements with the company. Most of the agreements expired during the past year and were renewed for two-year terms, after release from anti-inflation restraints, without interruptions to our operations. We have no major agreements due for renegotiation during the 1979 construction season.

PROSPECTS FOR 1979/80

For the Canadian economy as a whole, 1979 looks like another year of below-average growth, and construction activity in our company's market areas does not seem likely to exceed 1978 levels.

Standard's earnings are already benefiting significantly from recent major investments in quarrying and construction operations and in production of slag cement, pressure pipe and asphalt mixes. Much of the benefit however has been offset by declining yields from ready-mix and block.

For 1979/80, Standard can expect some additional contribution from Sullivan and Little Giant, but these are relatively small in relation to the company as a whole. "Roxul" is unlikely to be a significant contributor until 1980/81 at the earliest.

We think therefore that 1979/80 will be another year of moderate improvement in our results, awaiting the day of recovery in the economy and an adequate yield from our newest product line.

ACKNOWLEDGEMENTS

The directors announce that Mr. J. B. Hanly, having reached the mandatory retirement age will not stand for re-election as a director at the forthcoming annual meeting. Mr. Hanly has been a director of Standard since 1963. Until 1973 he was a Vice-President of Canada Cement Lafarge Ltd., one of Standard's major shareholders, with special responsibility for Canada Cement's aggregates and concrete products interests. His many years of experience in these fields have been of great value to Standard's board. Mr. John D. Redfern, President and Chief Executive Officer of Canada Cement Lafarge Ltd., will be nominated to fill the vacancy on the board.

In May 1979, the board accepted with regret the resignation of Mr. S. C. Cooper as a director, and wish to express their appreciation of his valued services to the company in that position, which he had held since 1967. Mr. Richard M. Cooper was appointed to the resulting vacancy on the board.

We would like to take this opportunity of thanking our employees for their considerable efforts in the past year, and to acknowledge the continuing support of our customers, suppliers and shareholders.

On behalf of the directors,

HUGH F. GRIGHTMIRE,
Chairman and
Chief Executive Officer

T. A. WILCOX,
President

Toronto, May 8, 1979.

Standard Industries Ltd.

CONSOLIDATED INCOME
Year ended March 31, 1979

	In Thousands of Dollars	
	1979	1978
REVENUE		
Sales and contract revenue	**$100,388**	$ 93,982
EXPENSE		
Cost of sales and operating expenses	**77,221**	72,145
Administration and selling	**6,765**	6,254
Depreciation and depletion	**6,367**	6,102
Interest on long-term debt	**1,386**	972
Other interest, net of interest earned	**12**	(29)
	91,751	85,444
	8,637	8,538
Income taxes	**3,580**	3,680
INCOME BEFORE THE UNDERNOTED ITEMS	**5,057**	4,858
Equity in net income of associated companies	**725**	484
INCOME BEFORE EXTRAORDINARY ITEM	**5,782**	5,342
Per share	**$1.84**	$1.70
Gain on disposal of properties (net of income taxes thereon $73,000)	**—**	641
Per share	**—**	$ .20
NET INCOME	**$ 5,782**	$ 5,983
Per share	**$1.84**	$1.90

CONSOLIDATED RETAINED EARNINGS
Year ended March 31, 1979

	1979	1978
Retained earnings at beginning of year	**$ 33,827**	$ 29,969
Net income	**5,782**	5,983
Dividends on convertible common shares — 73.75¢ per share (1978 — 67.5¢)	**(2,322)**	(2,125)
Amount capitalized and transferred to issued capital (note 5)	**(25,183)**	—
RETAINED EARNINGS AT END OF YEAR	**$ 12,104**	$ 33,827

Standard Industries Ltd.

(incorporated under the Laws of Ontario)

CONSOLIDATED FINANCIAL POSITION
March 31, 1979

	In Thousands of Dollars 1979	1978
CURRENT ASSETS		
Cash and short-term investments at cost which approximates market	**$ 5,070**	$ 3,635
Receivables	**8,855**	10,504
Inventories, valued at lower of cost and net realizable value —		
Finished materials and products	**5,941**	4,917
Raw materials and supplies	**3,923**	2,431
Prepaid expenses	**854**	931
	24,643	22,418
CURRENT LIABILITIES		
Accounts payable and accrued	**13,467**	9,414
Dividends payable	**590**	551
Income taxes	**147**	2,435
Long-term debt, current portion	**1,688**	1,967
	15,892	14,367
WORKING CAPITAL	**8,751**	8,051
MORTGAGES RECEIVABLE, less current portion included with receivables	**91**	1,115
INVESTMENTS IN ASSOCIATED COMPANIES	**1,279**	1,004
PROPERTY, PLANT AND EQUIPMENT, at cost less accumulated depreciation and depletion (note 2)	**60,145**	48,977
PLANT ACQUISITION FUND (note 3)	**332**	1,216
DEFERRED CHARGES	**379**	—
CAPITAL EMPLOYED	**70,977**	60,363
Deduct:		
Long-term debt (note 3)	**17,653**	11,816
Deferred income taxes	**12,464**	11,157
	30,117	22,973
SHAREHOLDERS' EQUITY	**$40,860**	$37,390
Derived from:		
Capital stock (note 5)		
Authorized — 200,000 redeemable preference shares of $10.00 par value each		
4,000,000 common shares of no par value		
Issued — 916 preference shares	**$ 9**	—
3,052,576 Class 'A' convertible common shares		
95,312 Class 'B' convertible common shares		
3,147,888 unchanged during the year (note 5)	**$28,747**	$ 3,563
Retained earnings	**12,104**	33,827
Total Shareholders' Equity	**$40,860**	$37,390

Approved by the Board:
Hugh F. Grightmire, Director
T. A. Wilcox, Director

Standard Industries Ltd.

CONSOLIDATED CHANGES IN FINANCIAL POSITION
Year ended March 31, 1979

	In Thousands of Dollars 1979	1978
WORKING CAPITAL DERIVED FROM		
Operations:		
Income before extraordinary items	**$ 5,782**	$ 5,342
Add (Deduct) items not involving working capital:		
Depreciation and depletion	**6,367**	6,102
Income taxes deferred	**1,307**	410
Excess of equity in net income of associated companies over dividends received	**(275)**	(78)
	13,181	11,776
Reduction in mortgages receivable	**1,024**	190
Increase in long-term debt	**8,407**	4,509
Plant acquisition fund	**884**	(1,216)
Gain on disposal of properties	**—**	641
	23,496	15,900
WORKING CAPITAL APPLIED TO		
Additions to property, plant and equipment, net	**15,367**	9,554
Purchase of shares of subsidiary company, adjusted for working capital and long-term debt at the date of acquisition (note 8)	**2,167**	—
Capital Investment	**17,534**	9,554
Dividends	**2,322**	2,125
Reduction in long-term debt	**2,570**	2,097
Increase in mortgages receivable	**—**	536
Other	**370**	—
	22,796	14,312
INCREASE IN WORKING CAPITAL	**700**	1,588
Working capital at beginning of year	**8,051**	6,463
Working capital at end of year	**$ 8,751**	$ 8,051

AUDITORS' REPORT

To the Shareholders of
Standard Industries Ltd.

We have examined the consolidated financial statements, appearing on pages 6 through 11, of Standard Industries Ltd. for the year ended March 31, 1979. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at March 31, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
May 1, 1979

THORNE RIDDELL & CO.,
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1979

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Standard Industries Ltd. and its subsidiaries, all of which are wholly owned. All subsidiaries have the same fiscal year as Standard Industries Ltd. except Sullivan Highway Products, Inc. whose fiscal year ends on December 31. Its operations have been included in these statements for the year ended December 31, 1978, and in the comparative figures for the period from December 1, 1977, the date of acquisition, to December 31, 1977.

b) Investments in Associated Companies (50% or less owned)

Investments in associated companies are accounted for by the equity method. Under the equity method, the company's share of the net income of these associated companies is included in consolidated income each year, and the company's investments are carried in the consolidated financial position at the underlying fair value at the date of acquisition plus the company's share of undistributed earnings since acquisition.

c) Exchange Translation

Assets, liabilities, revenues and expenses of the company's foreign subsidiaries have been translated into Canadian dollars as follows:

i) Current assets, other than inventories, and current and long-term liabilities at the rates of exchange prevailing at their fiscal year end.

ii) Non-current assets and inventories at rates prevailing when they were acquired.

iii) Revenues and expenses at average rates for the period except for depreciation and depletion which are at the rates used for translation of the related assets.

Gains or losses resulting from changes in the translation rate of long-term liabilities, are deferred and included in income over the term of the debt. All other translation gains and losses are included in income in the current year.

d) Deferred Income Taxes

The company uses the tax allocation method of providing for income taxes. Under this method, timing differences between reported and taxable income (which occur when revenue and expenses reflected in the financial statements in one year are considered for tax purposes in another year) result in increases or decreases in deferred income taxes.

e) Interim Financial Reports

Depreciation, depletion, repair and overhaul and other fixed overhead costs are provided for on an annual basis in relation to anticipated sales volume for the year and are charged against operations based on the sales volume during each interim period.

f) Depreciation and Depletion

Buildings, plant and equipment are depreciated over their estimated useful lives (buildings 25 years, plant and equipment 5 to 15 years) on a straight line basis. The costs of aggregate deposits are depleted on a unit-of-production method based on total estimated recoverable reserves.

Standard Industries Ltd.

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

	In Thousands of Dollars 1979	1978
Land and aggregate properties	**$ 14,961**	$ 13,605
Buildings, plant and equipment	**81,344**	74,161
Construction in progress	**6,785**	1,013
Non-current assets of Little Giant Products, Inc. (note 8)	**2,167**	—
	105,257	88,779
Less accumulated depreciation and depletion	**45,112**	39,802
	$ 60,145	$ 48,977

NOTE 3. LONG TERM DEBT

	In Thousands of Dollars 1979	1978
Bank term credit secured, repayable $500,000 annually with the balance due December 31, 1985 (interest at 1% above prime rate)	**$ 7,500**	$ 5,000
Bank term loans due 1980/1982 (interest at 1/2% above prime rate)	**1,200**	1,600
Mortgages payable, due 1979/1988 (interest at 9.3% — weighted average)	**3,948**	2,806
Long term notes payable by United States subsidiaries —		
secured notes due 1988/1999 (interest at 6 5/8%) — U.S. $4,000,000	**4,746**	4,377
unsecured note due 1981/1984 (interest at 7 1/2%) U.S. $1,382,000	**1,658**	—
other notes due 1980/1981 (interest at 10 1/2%) U.S. $241,000	**289**	—
	19,341	13,783
Less current portion	**1,688**	1,967
	$ 17,653	$ 11,816

Long-term debt matures as follows in the years ending March 31, 1980 $1,688,000; 1981 $1,803,000; 1982 $1,521,000; 1983 $1,458,000; 1984 $1,949,000.

Proceeds of the U.S. $4,000,000 long-term notes that were not used to purchase plant and equipment or to pay debt issue expenses are shown as Plant Acquisition Fund and are being held by a trustee in short-term investments. In accordance with the trust indenture, this fund will be applied to future purchases of plant and equipment in the United States.

An additional $1,000,000 of bank term credit was authorized and has not yet been drawn. This amount will be drawn as required to provide funds for future capital investments.

NOTE 4. INCOME TAXES

The reduced rate of federal income tax and the accelerated depreciation write-offs available to Canadian manufacturers and processors have been used throughout 1978 and 1979. The lower federal tax rate on manufacturing and processing income reduced the 1979 provision by approximately $297,000 (1978 — $290,000).

Through the application of investment tax credits based on the acquisition of new plant and equipment the 1979 income taxes were reduced by $208,000 (1978 — $120,000).

NOTE 5. CAPITAL STOCK

On November 30, 1978, the shareholders confirmed a Special Resolution creating new redeemable preference shares and reclassifying the previous authorized common shares into 5 common shares and 3,999,995 Class "A", Class "B" and Class "C" convertible common shares which are convertible each into the other classes on a share-for-share basis. Class "B" shareholders are entitled to receive stock dividends in fully paid preference shares and Class "C" shareholders will be deemed to receive as an ordinary dividend any capitalized retained earnings. The 5 authorized common shares are unissued.

The new preference shares created were 200,000 non-cumulative, redeemable non-voting preference shares of $10 par value each. The preference shares are redeemable at par at the option of the holder and after 1981 at the option of the company, and dividends are payable at an annual rate which is 60% of the bank prime lending rate at the time of declaration.

On December 30, 1978, the company capitalized $25,183,000 ($8.00 per convertible common share) transferring this amount to issued capital.

An officer's option to purchase 62,500 convertible common shares at $9.00 per share expires March 31, 1983.

NOTE 6. PENSION PLAN

The unfunded past service liabilities of the company's pension plans amount to $853,000 at March 31, 1979 ($157,000 at March 31, 1978). The increase in this amount results from increased past service benefits provided during the year. The unfunded past service liabilities are bing expensed and funded over not more than 15 years.

NOTE 7. REMUNERATION

Total direct remuneration of directors and senior officers amounted to $570,000 ($505,000 in 1978).

NOTE 8. ACQUISITION OF LITTLE GIANT PRODUCTS, INC.

On February 1, 1979 the Company purchased all the outstanding shares of Little Giant Products, Inc. of Peoria, Illinois. The purchase method has been used to account for the acquisition and its operations have been included in these financial statements from the acquisition date.

The purchase price is subject to adjustment upon completion of an audit. It is then intended that an appraisal of the non-current assets of Little Giant be undertaken so that the purchase price can be allocated between the non-current assets including goodwill. Pending this allocation, non-current assets have been included in Property, Plant and Equipment.

The following information relates to this purchase, subject to the adjustment and appraisal referred to above;

Purchase price of shares	$ 2,339,000
Less working capital at the date of acquisition	450,000
	1,889,000
Long-term debt of Little Giant Products, Inc.	278,000
Value of non-current assets	$ 2,167,000

The purchase price of these shares was paid $681,000 in cash with the balance payable in the years 1981 to 1984.

Financial Review

QUARTERLY SALES AND EARNINGS

Quarterly sales and earnings, which fluctuate because of the seasonal nature of the company's business, are shown in the tabulations at right for the past five years.

Quarterly sales ($'000)	years ended March 31 1979	1978	1977	1976	1975
June 30	**23,903**	25,859	22,668	18,832	17,401
September 30	**36,872**	32,594	29,548	25,432	23,579
December 31	**28,004**	23,649	22,334	21,033	19,064
March 31	**11,609**	11,880	9,529	9,557	9,650
Year	**100,388**	93,982	84,079	74,854	69,694

Quarterly earnings* (cents per share)	years ended March 31 1979	1978	1977	1976	1975
June 30	**38¢**	46¢	38¢	33¢	32¢
September 30	**79**	62	55	48	39
December 31	**52**	47	34	49	43
March 31	**15**	15	13	23	28
Year	**$1.84**	$1.70	$1.40	$1.53	$1.42
Earnings*/sales	**5.8%**	5.7%	5.2%	6.5%	6.4%

(*before extraordinary item)

The 7% increase in sales over last year resulted from a 1% increase in volume and an average product price increase of 6%. Volume increases resulting from the recent acquisitions in the United States were offset by a decline in Canadian product volumes due to the lower level of construction activity in our market area. Ready-mix concrete and pipe products accounted for most of the decline in Canadian volume. Cost of sales increased by 7%, the same rate as the sales increase, indicating that increased prices were necessary to cover increased costs. Administration and selling expense remained constant at 6.7% of sales for both years. Depreciation expense increased by 4%, somewhat less than the increase in sales, due to the lower level of capital replacements last year. Interest costs increased substantially over last year because of the U.S. $4,000,000 loan used to finance the purchase of the assets of Sullivan Highway Products, Inc., and because interest rates, based on the bank prime rate, moved up sharply during the year.

INCOME TAXES

Income taxes for the year to March 31, 1979 were 41.5% of income before taxes compared with 43% in the year to March 31, 1978. The lower tax rate reflects an $88,000 increase in the investment tax credit applicable to capital additions during the year. Tax deferments at $1,307,000 arising mainly from capital cost allowances, were $897,000 more than the previous year. The fast write-offs for Canadian manufacturing and processing were again applicable to a large proportion of our additions to plant and equipment. The 1979 Canadian additions at $14,486,000 were well ahead of the $6,308,000 spent last year with the company's new Roxul insulation plant accounting for most of this increase.

WORKING CAPITAL

At March 31, 1979, the company's working capital was $8,751,000, an increase of $700,000 over the preceding year. The shares of Little Giant Products, Inc. were paid for partly in cash and partly by notes U.S. $1,382,000 taken back by the vendor. Capital expenditures in Canada were financed largely through funds derived from operations, supplemented by mortgages on real estate purchased and the draw-down of $3,000,000 of bank term credit. Accounts Receivable are lower than last year because sales during the late winter were below last year's level. For the same reason, inventories are at a level substantially greater than the unusually low levels on hand one year ago. Accounts Payable and Accrued show a large increase in part because of our acquisitions in the U.S. but mostly because of major capital investments made late in the year.

Concrete paving laid by Standard Paving Maritime Limited at Shearwater, Nova Scotia, Armed Forces Base.

"Little Giant" clamp with Grip'O'Lift flexible arms, mounted on fork-lift.

Little Giant Products' plant in Fountain Valley, California.

The "Roxul" plant in Milton, manufacture of insulation products starts here in June.

Financial Statistics — 1970 to 1979
(in thousands of dollars — except per share amounts)

Years ended March 31	1979	1978	1977	1976
INCOME				
Sales and contract revenue	**100,388**	93,982	84,079	74,854
Income before extraordinary item	**5,782**	5,342	4,404	4,830
Gain on disposal of properties and shares		641		1,217
Net income	**5,782**	5,983	4,404	6,047
FINANCIAL POSITION				
Working capital	**8,751**	8,051	6,463	7,111
Fixed assets — net	**60,145**	48,977	45,525	42,193
Other assets	**2,081**	3,335	1,696	1,705
	70,977	60,363	53,684	51,009
Long-term debt	**17,653**	11,816	9,405	10,315
Deferred income taxes	**12,464**	11,157	10,747	9,566
	30,117	22,973	20,152	19,881
Shareholders' equity	**40,860**	37,390	33,532	31,128
CHANGES IN FINANCIAL POSITION				
Income before extraordinary item	**5,782**	5,342	4,404	4,830
Depreciation and depletion	**6,367**	6,102	5,468	4,988
Deferred income taxes	**1,307**	410	1,181	2,151
Funds from operations	**13,456**	11,854	11,053	11,969
Gain on disposal of properties and shares		641		1,217
Long-term debt increase (decrease)	**5,837**	2,412	(911)	1,868
	19,293	14,907	10,142	15,054
Capital investment	**17,534**	9,554	8,799	11,833
Dividends	**2,322**	2,125	2,000	1,883
Mortgages receivable increase (decrease)	**(1,024)**	346	(149)	(145
Other	**(239)**	1,294	140	133
	18,593	13,319	10,790	13,704
Increase (decrease) in working capital	**700**	1,588	(648)	1,350
PER SHARE EARNINGS, RETURN AND PRICE				
Income before extraordinary item	**1.84**	1.70	1.40	1.53
Gain on disposal of properties and shares		.20		.39
Net income	**1.84**	1.90	1.40	1.92
Dividends on "A" shares and previous common shares	**$.73\frac{3}{4}$**	$.67\frac{1}{2}$	$63\frac{3}{4}$	.60
Shareholders' equity	**12.97**	11.88	10.65	9.89
Return* on shareholders' equity	**14.2%**	14.3%	13.1%	15.5
Price range on common shares	**$17\frac{3}{8}$-$10\frac{1}{2}$**	$10\frac{7}{8}$-$8\frac{1}{2}$	$10\frac{1}{2}$-9	$10\frac{1}{2}$-7

*Income before extraordinary item

1975	1974	1973	1972	1971	1970
69,694	63,432	53,377	45,251	39,864	39,652
4,466	4,121	2,590	1,381	781	871
366	16	2,325	545		1,013
4,832	4,137	4,915	1,926	781	1,884
5,761	6,234	4,203	4,567	4,856	4,632
35,323	30,339	23,383	18,866	15,655	14,907
1,717	1,272	1,272	(25)	207	927
42,801	37,845	28,858	23,408	20,718	20,466
8,447	8,532	4,085	3,408	2,913	2,992
7,390	5,969	4,357	3,467	2,660	2,598
15,837	14,501	8,442	6,875	5,573	5,590
26,964	23,344	20,416	16,533	15,145	14,876
4,466	4,121	2,590	1,381	781	871
4,369	3,643	2,908	2,351	2,177	2,026
1,421	1,213	752	807	62	405
10,256	8,977	6,250	4,539	3,020	3,302
366	16	2,325	545		1,013
(85)	3,541	676	495	(80)	187
10,537	12,534	9,251	5,579	2,940	4,502
9,353	9,871	7,610	5,562	2,925	3,006
1,574	1,266	772	538	512	666
(31)	(305)	700	366	(720)	735
114	(329)	533	(598)		286
11,010	10,503	9,615	5,868	2,717	4,693
(473)	2,031	(364)	(289)	223	(191)
1.42	1.32	.84	.45	.25	.28
.11	.01	.75	.18		.33
1.53	1.33	1.59	.63	.25	.61
.50	$.40\frac{1}{2}$	.25	$.17\frac{1}{2}$	$.16\frac{2}{3}$	$.21\frac{2}{3}$
8.57	7.42	6.60	5.38	4.93	4.84
16.6%	17.6%	12.7%	8.4%	5.2%	5.9%
$9\frac{1}{8}$-6	$9\frac{3}{8}$-$6\frac{3}{4}$	$8\frac{1}{4}$-$4\frac{1}{4}$	$4\frac{3}{4}$-3	3-$2\frac{1}{8}$	$3\frac{7}{8}$-$2\frac{3}{8}$

Corporate Organization

DIVISIONS AND SUBSIDIARIES

STANDARD INDUSTRIES LTD.

- **STANDARD AGGREGATES**
  - **Consolidated Sand & Gravel Company** — sand, gravel and asphalt mixes
  - **Brechin Crushed Stone** / **Point Anne Quarry Company** / ***Haldimand Quarries & Construction Limited** — crushed stone
  - **J. F. Marshall & Sons** — sand and gravel
  - ***Jiffy Dry Mix Concrete Products Limited** — bagged dry-mix concrete and other products
- **McCord & Company** — ready-mixed concrete
- **York Block and Building Supply** — concrete block and builders' supplies
- **Marker Building Materials** — concrete block
- **Red-D-Mix Concrete Company** — Ready-mixed concrete, concrete block and asphalt mixes
- ***E. V. Breckon Limited** — haulage of materials
- **Standard Paving Company** — paving and road building, sand, gravel, asphalt mixes
- **Concrete Pipe Company** — concrete pipe and related products
- **Oaks Precast Industries** / ***Oaks Transport Limited** — precast concrete manholes and specialty items
- **Standard Pressure Pipe Company** — prestressed concrete pressure pipe
- ***Standard Paving Maritime Limited** — paving and road building, sand, gravel, asphalt mixes
- **Roxul Company** — manufacture of insulation products
- **Standard Slag Cement Company** — manufacture of slag cement
- ***S.I.L. Corp.** — U.S. holding company
  - ***Sullivan Highway Products, Inc.** — crushed stone, sand, gravel, asphalt mixes, paving and road building
  - ***Little Giant Products, Inc.** — manufacture of specialized attachments for powered lift trucks

*subsidiaries — wholly-owned by Standard Industries Ltd. (except Sullivan and Little Giant which are wholly-owned by S.I.L. Corp.)

Standard Industries Ltd.	Standard Aggregates	Jiffy Products	McCord & Company	Marker Building Materials	RED-D-MIX Red-D-Mix Concrete Company
Concrete Pipe Company	OAKS Oaks Precast Industries	Standard Pressure Pipe	Sullivan Highway Products	Little Giant Products, Inc.	Roxul Roxul Company

Products and Locations

BASIC MATERIALS

ONTARIO

SAND AND GRAVEL
Paris (2 plants)
Guelph
London
Mono Mills
Stouffville
Pickering
North Bay
Durham

CRUSHED STONE
Brechin
Hagersville
Point Anne

ASPHALT MIXES
Paris
Guelph
Hagersville
Pickering
St. Catharines
Toronto (2 plants)
Hamilton (2 plants)
North Bay

READY-MIXED CONCRETE
McCord & Company —
Metro Toronto (3 plants)
Mississauga
Richmond Hill
Barrie
Oshawa
Ajax

Red-D-Mix Concrete Company —
Hamilton (2 plants)
Beamsville
Brantford
Burlington
Delhi
Fort Erie
Georgetown
Guelph
London
Milton
Nanticoke
Niagara Falls
North Bay
Sarnia
St. Catharines
St. Thomas
Strathroy
Welland
Windsor

SLAG CEMENT
Stoney Creek

"JIFFY" DRY-MIX CONCRETE
Toronto

NOVA SCOTIA

ASPHALT MIXES
Halifax
Kentville

NEW YORK STATE (U.S.A.)

CRUSHED STONE
Bridgeville
Hancock
Fosterdale

SAND AND GRAVEL
Masten Lake

ASPHALT MIXES
Bridgeville
Fosterdale
Liberty
Cuddebackville
Hancock

PAVING AND ROAD BUILDING

ONTARIO
Hamilton
North Bay

NOVA SCOTIA
Halifax
Kentville

NEW YORK STATE (U.S.A.)
Bridgeville

CONCRETE PRODUCTS

ONTARIO

CONCRETE BLOCK
Kingston
Richmond Hill
Sarnia
Guelph

CONCRETE PIPE
Mississauga (Toronto)
Ottawa
London

PRECAST CONCRETE MANHOLES AND SPECIALTY ITEMS
Guelph
Markham (Toronto)

PRESTRESSED CONCRETE PRESSURE PIPE
Stouffville

OTHER MANUFACTURING

"ROXUL" INSULATION
Milton, Ontario

"LITTLE GIANT" ATTACHMENTS FOR POWERED LIFT TRUCKS
Peoria, Illinois (U.S.A.)
Fountain Valley, California (U.S.A.)
Beerse, Belgium (Europe)

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